



**Thaba Chweu Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2017**

# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## General Information

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### Mayoral committee

Executive Mayor

Speaker

Chief Whip

Executive committee

S. Mashigo

TE. Mabuza

IT. Mokoena

MT. Mashego

JM. Kock

SA. Manzini

KJ. Malepe

SM. Phetla

SE. Van Douwe

RG. Herbst

JJ. Mkhize

PM. Mpoloane

KA. Letsane

MB. Mokoena

SG. Shongwe

SJ. Van Vuuren

KK. Segodi

MM. Masimola

JH. Ligthelm

CJ. Sibiya

GP. Raphiri

P. Makhubela

D. Mabilu

PD. Marobela

MM. Gumede

DR. Nkabinde

ML. Netshirembe

Ward Councillors

Proportional Councillors

Grading of local authority

Low Capacity

Accounting Officer

TMP Kgoale

Chief Financial Officer

LM Mokwena

Registered office

Lydenburg  
Mpumalanga  
South Africa  
1120

Business address

Corner Viljoen & Sentraal Street  
Lydenburg  
Mpumalanga  
1120

Postal address

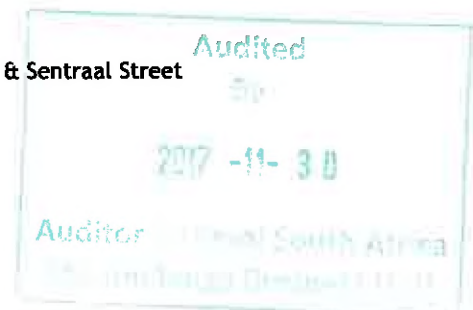
P.O Box 61  
Lydenburg  
1120

Bankers

Standard Bank of South Africa

Auditors

Auditor General South Africa



# Thaba Chweu Local Municipality

(Registration number MP321)

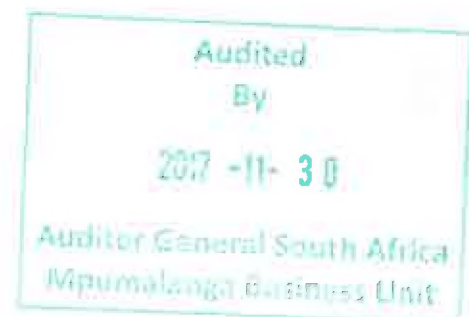
Annual Financial Statements for the year ended 30 June 2017

## General Information

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Legal form of entity

Local Municipality



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Index

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

### Acronyms

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
VAT	Value Added Tax
GRAP	Generally Recognised Accounting Practice
PAYE	Pay as you earn
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Local Government: Municipal Finance Management Act, Act no 56 of 2003
MIG	Municipal Infrastructure Grant (Previously CMIP)
UIF	Unemployment Insurance Fund

Audited  
By

2017 -11- 30

Auditor General South Africa  
Mpumalanga Business Unit

# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the national government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

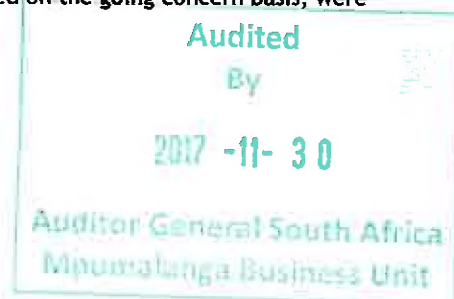
Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently audit and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented separately.

The annual financial statements set out on pages 5 to 86, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2017 :

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Accounting Officer  
TMP Kgoale



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2017.

### 1. Review of activities

#### Main business and operations

The municipality is local municipality.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting Officer's interest in contracts

The Accounting Officer does not have any interest in contracts, either direct or indirect.

### 5. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 6. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the year are disclosed in the notes to financial statements:

### 7. Corporate governance

#### General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

#### Executive Mayor and Municipal Manager

The roles of Executive Mayor and Municipal Manager are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

#### Internal audit

The municipality has a fully functional internal audit function. This is in compliance with the Municipal Finance Management Act, 2003.

Audited  
By

2017-11-30

Auditor General South Africa  
Mogamla Business Unit

# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Accounting Officer's Report

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### 8. Bankers

Standard Bank of South Africa Limited is used for daily operations as well as investing of grant funding.

### 9. Auditors

Auditor General South Africa will continue in office for the next financial period.

### 10. Public Private Partnership

In accordance with the PPP agreement, the Contractor shall open a separate account with a bank registered in the Republic of South Africa, for the purpose of administering and separate safekeeping of:

- moneys deposited as excess surpluses;
- any foreign exchange rate amounts;
- any service credits; and
- any penalties for later service commencement text.



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	7	174 597 165	195 248 718
Receivables from non-exchange transactions	8	13 168 029	15 568 382
VAT receivable	9	40 191 280	28 868 146
Receivables from Exchange Transactions	10	29 430 515	18 904 282
Cash and cash equivalents	11	21 150 317	5 236 857
		<b>278 537 306</b>	<b>263 826 385</b>
<b>Non-Current Assets</b>			
Investment property	3	123 181 000	213 599 077
Property, plant and equipment	4	2 207 094 516	2 237 989 521
Heritage assets	5	360 341	360 341
		<b>2 330 635 857</b>	<b>2 451 948 939</b>
<b>Total Assets</b>		<b>2 609 173 163</b>	<b>2 715 775 324</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	14	534 592 135	456 226 776
Consumer Deposits	15	4 252 044	4 365 341
Employee benefit obligation	6	32 671 672	28 472 220
Unspent conditional grants and receipts	12	7 512 258	-
		<b>579 028 109</b>	<b>489 064 337</b>
<b>Non-Current Liabilities</b>			
Provisions	13	42 814 998	41 632 668
<b>Total Liabilities</b>		<b>621 843 107</b>	<b>530 697 005</b>
<b>Net Assets</b>		<b>1 987 330 056</b>	<b>2 185 078 319</b>
Accumulated surplus		<b>1 987 330 056</b>	<b>2 185 078 319</b>

**Audited  
By**

**2017 -11- 3 0**

**Auditor General South Africa  
Mpumalanga Business Unit**

\* See Note 38



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Service charges	16	187 917 027	183 068 182
Rental of facilities and equipment	17	3 172 912	2 804 638
Agency services		79 929	19 135 953
Finance Income	18	19 023 451	15 477 095
Other income	19	7 175 086	10 176 896
<b>Total revenue from exchange transactions</b>		<b>217 368 405</b>	<b>230 662 764</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	20	96 627 876	92 514 074
<b>Transfer revenue</b>			
Government grants & subsidies	21	208 627 843	193 572 471
Public Contribution & Donation	22		9 374 000
Fines and Penalties		3 696 160	3 814 675
<b>Total revenue from non-exchange transactions</b>		<b>308 951 879</b>	<b>299 275 220</b>
<b>Total revenue</b>		<b>526 320 284</b>	<b>529 937 984</b>
<b>EXPENDITURE</b>			
Employee Related Costs	23	(162 332 795)	(138 130 192)
Remuneration of Councillors	24	(9 459 729)	(9 146 771)
Depreciation and Amortisation	25	(127 330 435)	(97 714 892)
Impairment loss/ Reversal of impairments	26	(1 565 949)	(395 754)
Finance Costs	27	(11 907 364)	(45 088 567)
Debt Impairment	28	(15 374 300)	(95 911 769)
Repairs and Maintenance		(25 041 273)	(31 470 825)
Bulk Purchases	29	(148 914 669)	(145 403 536)
Contracted Services	30	(46 669 777)	(46 353 030)
General Expenses	31	(61 096 325)	(60 637 216)
<b>Total Expenditure</b>		<b>(609 692 616)</b>	<b>(670 252 552)</b>
<b>Operating deficit</b>		<b>(83 372 332)</b>	<b>(140 314 568)</b>
Loss on disposal of assets		(97 849 473)	(22 540 530)
<b>Surplus (deficit) for the year</b>		<b>(181 221 805)</b>	<b>(162 855 098)</b>

Audited  
By  
2017 - 11 - 30  
Auditor General South Africa  
Maseru Business Unit

\* See Note 38

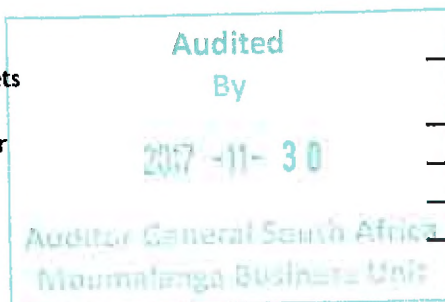
# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Statement Of Changes in Net Assets as at 30 June 2017

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2 099 047 561	2 099 047 561
Adjustments		
Prior period errors - Note 38	248 885 856	248 885 856
<b>Balance at 01 July 2015 as restated*</b>	<b>2 347 933 417</b>	<b>2 347 933 417</b>
Changes in net assets		
Deficit for the year	(162 855 098)	(162 855 098)
Total changes	(162 855 098)	(162 855 098)
<b>Restated* Balance at 01 July 2016</b>	<b>2 185 016 368</b>	<b>2 185 016 368</b>
Changes in net assets		
Other adjustments	(16 464 507)	(16 464 507)
Net income (losses) recognised directly in net assets	(16 464 507)	(16 464 507)
Surplus for the year	(181 221 805)	(181 221 805)
Total recognised income and expenses for the year	(197 686 312)	(197 686 312)
Total changes	(197 686 312)	(197 686 312)
<b>Balance at 30 June 2017</b>	<b>1 987 330 056</b>	<b>1 987 330 056</b>



\* See Note 38

# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Statement of Cashflow as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Cash flows from operating activities</b>			
<b>RECEIPTS</b>			
Sale of Goods and Services		274 256 366	241 043 197
Grants		216 140 000	170 360 000
Interest Income		2 075 331	784 621
Other Receipts		7 427 779	43 651 807
		<b>499 899 476</b>	<b>455 839 625</b>
<b>PAYMENTS</b>			
Employee costs		(164 778 371)	(150 777 559)
Suppliers		(222 501 240)	(183 932 139)
Finance Costs		(11 907 364)	(45 088 567)
		<b>(399 186 975)</b>	<b>(379 798 265)</b>
<b>Net cash flows from operating activities</b>	<b>34</b>	<b>100 712 501</b>	<b>74 860 742</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(85 845 891)	(78 573 722)
Proceeds from sale of property, plant and equipment	4	1 046 850	149 851
Purchases of heritage assets	5	-	(197 000)
<b>Net cash flows from investing activities</b>		<b>(84 799 041)</b>	<b>(78 620 871)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>15 913 460</b>	<b>(3 760 129)</b>
Cash and cash equivalents at the beginning of the year		5 236 857	8 996 986
<b>Cash and cash equivalents at the end of the year</b>	<b>11</b>	<b>21 150 317</b>	<b>5 236 857</b>

\* See Note 38

# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service charges	242 934 699	-	242 934 699	187 917 027	(55 017 672)
Rental of facilities and equipment	3 042 464	-	3 042 464	3 172 912	130 448
Agency services	-	-	-	79 929	79 929
Interest On Bank	18 109 592	-	18 109 592	19 023 451	913 859
Other income	3 627 664	-	3 627 664	7 175 086	3 547 422
<b>Total revenue from exchange transactions</b>	<b>267 714 419</b>	<b>-</b>	<b>267 714 419</b>	<b>217 368 405</b>	<b>(50 346 014)</b>

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	102 206 213	-	102 206 213	96 627 876	(5 578 337)
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##### Transfer revenue

Government grants & subsidies	184 572 000	-	184 572 000	208 627 843	24 055 843
Fines, Penalties and Forfeits	1 684 684	-	1 684 684	3 696 160	2 011 476

<b>Total revenue from non-exchange transactions</b>	<b>288 462 897</b>	<b>-</b>	<b>288 462 897</b>	<b>308 951 879</b>	<b>20 488 982</b>
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<b>Total revenue</b>	<b>556 177 316</b>	<b>-</b>	<b>556 177 316</b>	<b>526 320 284</b>	<b>(29 857 032)</b>
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#### Expenditure

Employee Related Costs	(161 633 845)	-	(161 633 845)	(162 332 795)	(698 950)
Remuneration of councillors	(9 459 730)	-	(9 459 730)	(9 459 729)	1
Depreciation and amortisation	(69 370 014)	-	(69 370 014)	(127 330 435)	(57 960 421)
Impairment loss	(1 565 949)	-	(1 565 949)	(1 565 949)	-
Finance costs	(11 907 364)	-	(11 907 364)	(11 907 364)	-
Debt impairment	(15 587 874)	-	(15 587 874)	(15 374 300)	213 574
Repairs and maintenance	(25 041 272)	-	(25 041 272)	(25 041 273)	(1)
Bulk purchases	(148 914 669)	-	(148 914 669)	(148 914 669)	-
Contracted Services	(46 669 778)	-	(46 669 778)	(46 669 777)	1
General expenses	(61 096 325)	-	(61 096 325)	(61 096 325)	-

<b>Total expenditure</b>	<b>(551 246 820)</b>	<b>-</b>	<b>(551 246 820)</b>	<b>(609 692 616)</b>	<b>(58 445 796)</b>
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<b>Operating deficit</b>	<b>4 930 496</b>	<b>-</b>	<b>4 930 496</b>	<b>(83 372 332)</b>	<b>(88 302 828)</b>
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<b>Loss on disposal of assets and liabilities</b>	<b>(17 980 177)</b>	<b>-</b>	<b>(17 980 177)</b>	<b>(97 849 473)</b>	<b>(79 869 296)</b>
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<b>Deficit before taxation</b>	<b>(13 049 681)</b>	<b>-</b>	<b>(13 049 681)</b>	<b>(181 221 805)</b>	<b>(168 172 124)</b>
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(13 049 681)</b>	<b>-</b>	<b>(13 049 681)</b>	<b>(181 221 805)</b>	<b>(168 172 124)</b>
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# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	-	-	-	174 597 165	174 597 165	
Receivables from non-exchange transactions	-	-	-	13 168 029	13 168 029	
VAT receivable	-	-	-	40 191 280	40 191 280	
Consumer debtors	-	-	-	29 430 515	29 430 515	
Cash and cash equivalents	-	-	-	21 150 317	21 150 317	
	-	-	-	278 537 306	278 537 306	
<b>Non-Current Assets</b>						
Investment property	-	-	-	123 181 000	123 181 000	
Property, plant and equipment	-	-	-	2 207 094 516	2 207 094 516	
Heritage assets	-	-	-	360 341	360 341	
	-	-	-	2 330 635 857	2 330 635 857	
<b>Total Assets</b>	-	-	-	2 609 173 163	2 609 173 163	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	-	-	-	534 592 135	534 592 135	
Consumer deposits	-	-	-	4 252 044	4 252 044	
Employee benefit obligation	-	-	-	32 671 672	32 671 672	
Unspent conditional grants and receipts	-	-	-	7 512 258	7 512 258	
	-	-	-	579 028 109	579 028 109	
<b>Non-Current Liabilities</b>						
Provisions	-	-	-	42 814 998	42 814 998	
<b>Total Liabilities</b>	-	-	-	621 843 107	621 843 107	
<b>Net Assets</b>	-	-	-	1 987 330 056	1 987 330 056	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	(60 571 757)	60 571 757	-	1 987 330 055	1 987 330 055	
<b>Total Net Assets</b>	(60 571 757)	60 571 757	-	1 987 330 055	1 987 330 055	

# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Rate payers and other	263 533 000	(62 270 000)	201 263 000	313 281 235	112 018 235	
Grants	140 680 000	(1 000 000)	139 680 000	151 705 755	12 025 755	
	404 213 000	(63 270 000)	340 943 000	464 986 990	124 043 990	

##### Payments

Supplier and employee costs	(381 003 000)	26 580 000	(354 423 000)	(396 130 766)	(41 707 766)	
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<b>Net cash flows from operating activities</b>	<b>23 210 000</b>	<b>(36 690 000)</b>	<b>(13 480 000)</b>	<b>68 856 224</b>	<b>82 336 224</b>	
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Net increase/(decrease) in cash and cash equivalents	23 210 000	(36 690 000)	(13 480 000)	68 856 224	82 336 224	
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<b>Cash and cash equivalents at the end of the year</b>	<b>23 210 000</b>	<b>(36 690 000)</b>	<b>(13 480 000)</b>	<b>68 856 224</b>	<b>82 336 224</b>	
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#### Service Charges Variance

Collection was less than billed. Harsh economic conditions affected the paying abilities of some community members.

#### Rental of facilities and equipment Variance

Generated more revenue than expected due to an increased in demand from the community.

#### Agency services variance

Licencing function was transferred to the Department of Community Safety and Liason. Some individuals unfortunately still made Payments to the wrong bank account (Licencing), refunds will have to be made.

#### Interest on bank accounts variance

Thaba Chweu Local Municipality received more money than anticipated, due to exceptional performance in the implementation of conditional grants.

#### Other income variance

Collection was more than budgeted due to better cooperation from community members in terms of making payments due to the municipality on time.

#### Property rate variance

Difference was due to sub divisions and consolidations during the year.

#### Government grants and subsidies

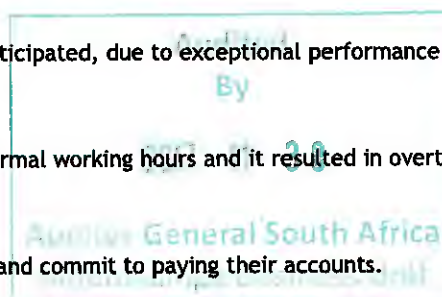
Thaba Chweu Local Municipality received more money than anticipated, due to exceptional performance in the implementation of conditional grants.

#### Employee related costs

Due to aging infrastructure, maintenance was needed beyond normal working hours and it resulted in overtime claims beyond the budgeted amount.

#### Debt Impairment variance

Increased number of clients were able to make arrangements and commit to paying their accounts.



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

---

### 1. Basis of accounting

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality

#### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

##### Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

##### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

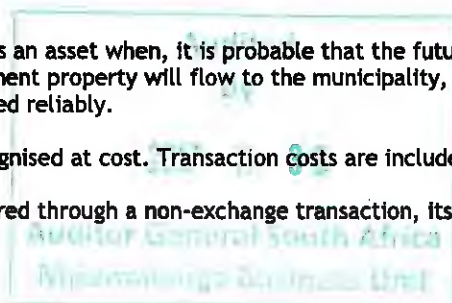
#### 1.3 Investment property

##### Initial recognition

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.





# Thaba Chweu Local Municipality

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## Accounting Policies

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### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note ).

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.



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When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	5 - 50 years
Plant and machinery	Straight line	5 - 15 years
Furniture and fixtures	Straight line	5 - 15 years
Motor vehicles	Straight line	4 - 20 years
Office equipment	Straight line	5 - 15 years
Computer equipment	Straight line	5 - 15 years
Infrastructure	Straight line	3 - 100 years
Community	Straight line	5 - 50 years

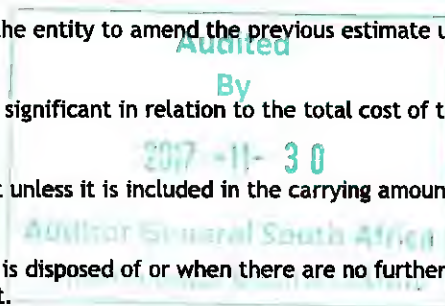
The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.



# Thaba Chweu Local Municipality

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The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cashflow statement.

### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Website development costs	5 years
Computer software, other	3 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### 1.6 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

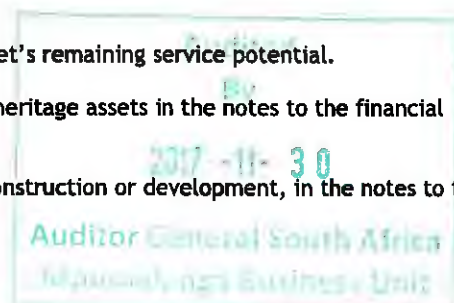
Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.



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## Accounting Policies

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### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

### Transitional provision

The municipality changed its accounting policy for heritage assets in 2017. The change in accounting policy is made in accordance with its transitional provision as per Directive 7 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage assets. Heritage assets have accordingly been recognised at provisional amounts, as disclosed in . The transitional provision expires on 2015/06/30.

In accordance with the transitional provision as per Directive 7 of the GRAP Reporting Framework, where heritage assets was acquired through a transfer of functions, the municipality is not required to measure that heritage assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2017 and heritage assets have accordingly been recognised at provisional amounts, as disclosed in .

Until such time as the measurement period expires and heritage assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Heritage assets, the municipality need not comply with the Standards of GRAP on (to the extent that these Standards prescribe requirements for heritage assets):

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Heritage assets implies that any associated presentation and disclosure requirements need not be complied with for heritage assets not measured in accordance with the requirements of the Standard of GRAP on Heritage assets.

### 1.7 Financial instruments

Financial instruments are initially recognised at fair value.

#### Initial recognition and measurement

#### Subsequent Measurement

Credit Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the of an approved GRAP104 Standard on Financial Instruments

#### Investment

Derecognition Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

A derivative is a financial instrument or other contract with all three of the following characteristics:



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## Accounting Policies

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

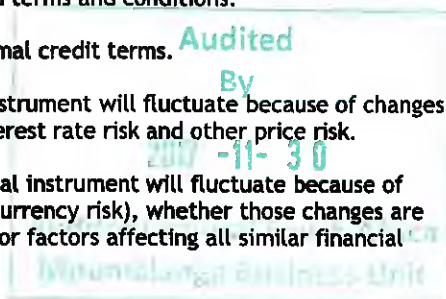
Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.



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## Accounting Policies

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A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

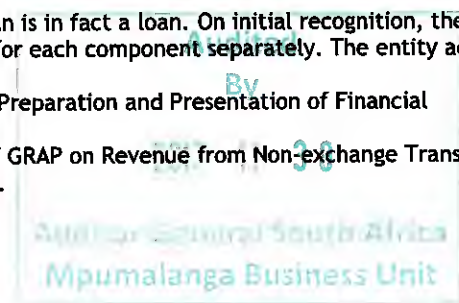
### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.



# Thaba Chweu Local Municipality

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## Accounting Policies

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### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

### Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

### 1.8 Leases

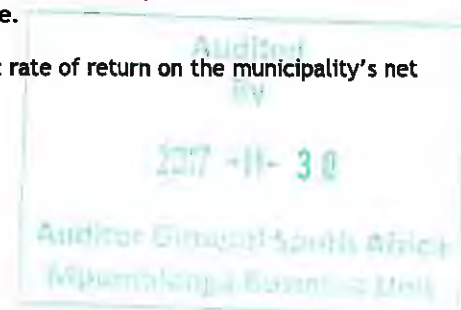
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.



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## Accounting Policies

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### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue from exchange transactions in statement of financial performance.

### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

## 1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.



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When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.10 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

# Thaba Chweu Local Municipality

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## Accounting Policies

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### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

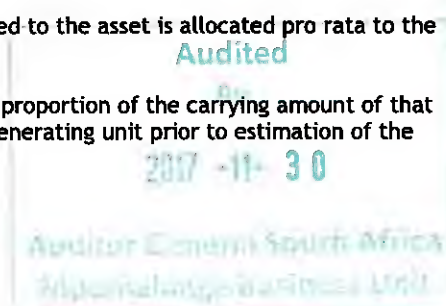
An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.



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### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

#### 1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow: [Specify criteria]

### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.





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### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

### 1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.



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### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

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The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

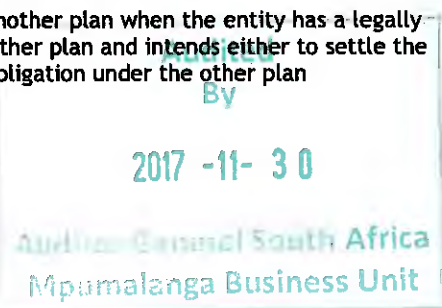
The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.





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### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

### 1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

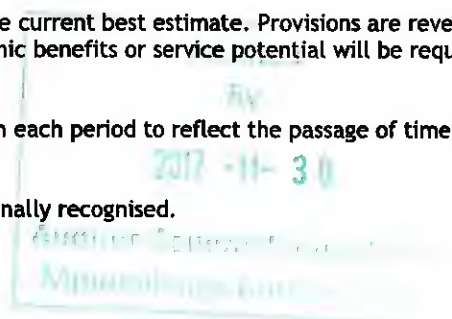
Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.



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If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Subsequent changes in the measurement of provisions relating to rehabilitation of landfill sites as a result of change in estimated cash flows required to settle the obligation will result in increased carrying amounts of the landfill sites to which the provision relates. The adjusted depreciable amount of the landfill sites will be depreciated over the remaining useful life of the landfill site. Once the landfill site has reached the end of its useful life, all subsequent changes in the value of the liability will be recognised in the statement of financial performance.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.15 Revenue from exchange transactions

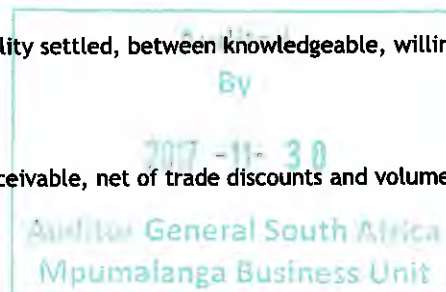
Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



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### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

# Thaba Chweu Local Municipality

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## Accounting Policies

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Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### Recognition

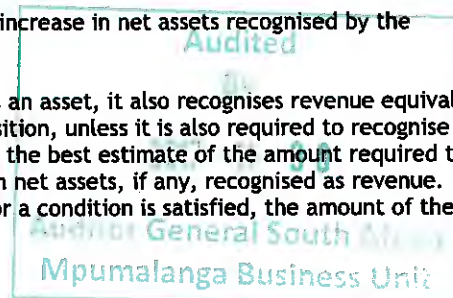
An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.



# Thaba Chweu Local Municipality

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## Accounting Policies

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### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

### Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

### Fines

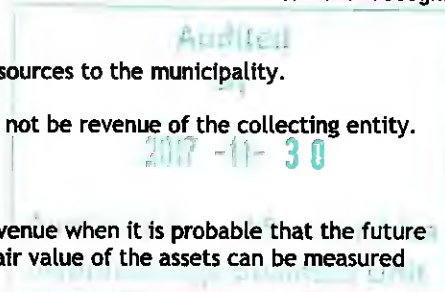
Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

### Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.





# Thaba Chweu Local Municipality

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## Accounting Policies

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### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

### Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cashflow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

### 1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.9, 1.10 and 1.11. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

# Thaba Chweu Local Municipality

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## Accounting Policies

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Capitalisation is suspended during extended periods in which active development is suspended.

Extended periods is periods that exceeds 12 months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

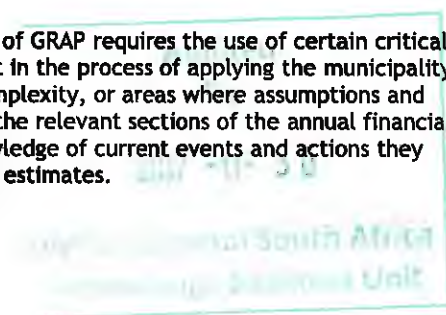
All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.23 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.



# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.24 Accumulated Surplus/Deficit

The accumulated surplus/deficit represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made if the error occurred before the earliest prior period presented.

### 1.25 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.26 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

approved budget covers the fiscal period from 2016-07-01 to 2017-06-30.

The

The

annual financial statements and the budget are not on the same basis of accounting. The actual financial statement information is therefor presented on a comparable basis to the budget information. The comparison and the reconciliation between the Statement of Financial Performance and the budget for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

### 1.27 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.28 Value Added Tax

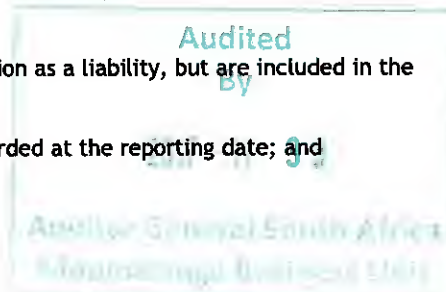
The municipality accounts for VAT on the payme nt basis.

### 1.29 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.





# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 2. New standards and interpretations

### 3. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	123 181 000	-	123 181 000	213 599 077	-	213 599 077

#### Reconciliation of investment property - 2017

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	213 599 077	(76 231 614)	(14 186 463)	123 181 000

#### Reconciliation of investment property - 2016

	Opening balance	Transfers	Total
Investment property	218 397 624	(4 798 547)	213 599 077

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

#### Deemed cost



# Thaba Chweu Local Municipality

(Registration number MP321)  
Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2017		2016	
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation
				Accumulated depreciation and impairment
				Carrying value
Land	26 970 903	-	26 970 903	14 176 903
Buildings	175 377 038	(50 239 190)	125 137 848	173 663 380
Plant and machinery	5 058 735	(1 111 045)	3 947 690	1 451 916
Furniture and fixtures	5 528 334	(3 910 947)	1 617 387	5 458 581
Motor vehicles	11 040 145	(4 025 958)	7 014 187	11 054 954
Office equipment	2 059 288	(1 241 656)	817 632	1 906 597
IT equipment	2 996 495	(2 101 132)	895 363	3 025 028
Infrastructure	2 509 963 770	(795 813 235)	1 714 150 535	2 472 422 044
Community	337 296 417	(64 825 722)	272 470 695	337 296 417
Assets Under Construction	54 072 276	-	54 072 276	14 263 380
<b>Total</b>	<b>3 130 363 401</b>	<b>(923 268 885)</b>	<b>2 207 094 516</b>	<b>3 034 719 200</b>
				<b>(796 729 679)</b>
				<b>2 237 989 521</b>



# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	14 176 903	-	-	12 794 000	-	-	26 970 903
Buildings	129 913 428	-	(139 410)	1 959 676	(6 595 846)	-	125 137 848
Plant and machinery	918 429	3 612 285	(3 522)	-	(293 401)	(286 101)	3 947 690
Furniture and fixtures	2 149 023	126 781	(21 432)	-	(497 314)	(139 671)	1 617 387
Motor vehicles	5 845 655	2 608 627	(451 475)	-	(836 798)	(151 822)	7 014 187
Office equipment	821 807	187 900	(11 999)	-	(179 767)	(309)	817 632
IT equipment	1 685 917	-	(10 673)	-	(204 024)	(575 857)	895 363
Infrastructure	1 787 122 098	-	-	37 541 726	(110 106 016)	(407 273)	1 714 150 535
Community	281 092 881	-	-	-	(8 617 271)	(4 915)	272 470 695
Assets Under Construction	14 263 380	79 310 298	-	(39 501 402)	-	-	54 072 276
	<b>2 237 989 521</b>	<b>85 845 891</b>	<b>(638 511)</b>	<b>12 794 000</b>	<b>(127 330 437)</b>	<b>(1 565 948)</b>	<b>207 094 516</b>

### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	14 176 903	-	-	-	-	-	14 176 903
Buildings	136 509 273	-	-	-	(6 595 845)	-	129 913 428
Plant and machinery	700 630	330 602	-	-	(103 163)	(9 640)	918 429
Furniture and fixtures	2 398 393	68 820	-	-	(312 221)	(5 969)	2 149 023
Motor vehicles	6 105 704	597 165	(80 584)	-	(477 469)	(299 161)	5 845 655
Office equipment	893 704	59 490	-	-	(113 627)	(17 760)	821 807
IT equipment	1 312 205	603 395	-	-	(168 462)	(61 221)	1 685 917
Infrastructure	1 794 798 945	-	(1 890 354)	75 580 417	(81 366 910)	-	1 787 122 098
Community	289 710 152	-	-	-	(8 617 271)	-	281 092 881
Assets Under Construction	12 929 547	76 914 250	-	(75 580 417)	-	-	14 263 380
	<b>2 259 535 456</b>	<b>78 573 722</b>	<b>(1 970 938)</b>	<b>-</b>	<b>(97 754 968)</b>	<b>(393 751)</b>	<b>237 989 521</b>

# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### Pledged as security

No Property, Plant and Equipment were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### Deemed cost

### 5. Heritage assets

	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	360 341	-	360 341	360 341	-	360 341

### Reconciliation of heritage assets 2017

	Opening balance	Total
Art Collections, antiquities and exhibits	360 341	360 341

### Reconciliation of heritage assets 2016

	Opening balance	Additions	Impairment losses recognised	Total
Art Collections, antiquities and exhibits	165 344	197 000	(2 003)	360 341

### Pledged as security

Carrying value of heritage assets pledged as security:

[Insert terms and conditions here where terms and conditions are the same]

### 6. Employee benefit obligations

#### Defined benefit plan



# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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The amounts recognised in the statement of financial position are as follows:

<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	28 472 220	29 929 309
Current service cost	1 138 470	1 108 064
Current interest cost	2 747 592	2 722 970
Settlement	(1 155 757)	(1 339 264)
Actuarial (gains) losses	1 469 147	(3 948 859)
	<b>32 671 672</b>	<b>28 472 220</b>

The municipality provides post employment medical aid benefits upon retirement to some retirees and their legitimate spouses.

The entitlement to post-employment medical aid benefits is based on the employees remaining in service up to retirement age and the completion of a minimum service period. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefit are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2017. The present value of the defined obligation, the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality makes monthly contributions for health care to the following medical aid schemes:

- LA Health
- Key Health
- Bonita's
- Hosmed
- Samwumed

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Net expense recognised in the statement of financial performance

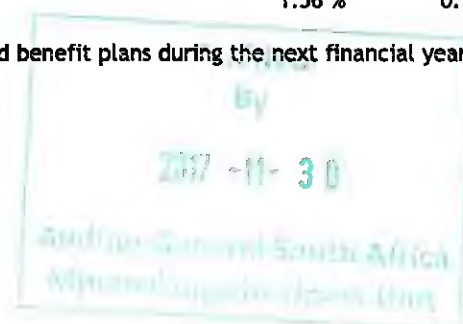
Current service cost	1 138 470	1 108 064
Interest cost	2 747 592	2 722 970
Actuarial (gains) losses	1 469 147	(3 948 859)
Settlement	(1 155 757)	(1 339 264)
	<b>4 199 452</b>	<b>(1 457 089)</b>

### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.03 %	9.85 %
Expected rate of return on assets	6.84 %	7.50 %
Expected rate of return on reimbursement rights	8.34 %	9.00 %
Actual return on reimbursement rights	1.56 %	0.78 %

The municipality expects to make a contribution of R2,730,305 to the defined benefit plans during the next financial year.





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## Notes to the Annual Financial Statements

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2016

### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	5 162 914	3 786 890
Effect on defined benefit obligation	37 371 124	28 802 314

Amounts for the current and previous three years are as follows:

	2017 R	2016 R	2015 R	2014 R	2013 R
Defined benefit obligation	32 671 672	28 472 220	29 929 309	25 855 745	21 333 959



# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is a Multi-Employer Funds and are a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan. The municipality accounted for this (these) plan(s) as a defined contribution plan:

### Long Service Award

The municipality has an obligation to provide long-service allowance benefits to all its permanent employees. According to the rules of the Long-service allowance scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 40 and 45 years of continued service. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2017. The present value of the long service obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The municipality expects to make a contribution of R 1 223 000 (2015: R 1 461 000) to the defined benefit plans during the next financial year.

### Long service award liability

Balance at the beginning of the year	7 387 000	7,302,000
Current service costs	586 000	619,000
Interest cost	637 000	589,000
Benefits paid	(344 000)	(579 000)
Actuarial losses / (gains)	(219 000)	(542 000)
	<u>8 485 000</u>	<u>7 387 000</u>

The amounts recognised in the Statement of Financial Performance are as

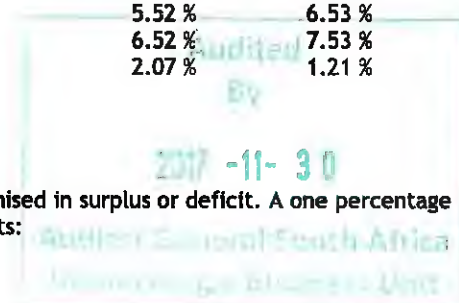
Current service costs	586 000	619,000
Interest cost	637 000	589,000
Benefits paid	(344 000)	(579,000)
Actuarial losses / (gains)	(219 000)	(542,000)
	<u>1 098,000</u>	<u>85 000</u>

The principal assumptions used for the purposes of the actuarial valuations were as follows

Discount rate	8.72 %	8.83 %
Consumer price inflation	5.52 %	6.53 %
Normal salary increase rate	6.52 %	7.53 %
Net effective discount rate	2.07 %	1.21 %

### Other assumptions

Assumed salary cost trend rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed salary cost trend rates would have the following effects:



# Thaba Chweu Local Municipality

(Registration number MP321)

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>One percentage Decrease</b>	<b>Increase</b>	
Effect on the accrued liability	6,890,000	7,938,000
Effect on employers cost	1,136,000	1,320,000
<b>7. Inventories</b>		
Consumable stores	1 767 163	1 724 747
Water	29 002	89 237
Properties Available for Transfer	172 801 000	193 434 734
	<b>174 597 165</b>	<b>195 248 718</b>
<b>8. Receivables from non-exchange transactions</b>		
Fines	2 282 560	2 381 885
Provisions for Fines	(2 047 960)	(2 215 645)
Assessment Rates - Gross amount	100 643 923	98 549 612
Assessment Rates - Allowance for impairment	(87 710 494)	(83 147 470)
	<b>13 168 029</b>	<b>15 568 382</b>
<b>Receivables from non-exchange transactions pledged as security</b>		
No receivables from non-exchange transactions were pledged as security.		
<b>Credit quality of receivables from non-exchange transactions</b>		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information.		
<b>Receivables from non-exchange transactions</b>		
<b>Assessment rates</b>		
Current (0-39 days)	6 060 587	6 114 413
31 - 60 days	3 009 798	3 935 044
61 - 90 days	2 660 265	2 920 277
91 - 120 days	2 630 037	2 768 125
121 - 150 days	2 539 850	2 761 822
> 150 days	83 743 386	80 049 931
	<b>100 643 923</b>	<b>98 549 612</b>
None of the financial assets that are fully performing have been renegotiated in the last year.		
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	83 147 470	42 085 855
Provision for impairment	4 666 019	41 061 615
	<b>87 813 489</b>	<b>83 147 470</b>
<b>9. VAT receivable</b>		
VAT	40 191 280	28 868 146

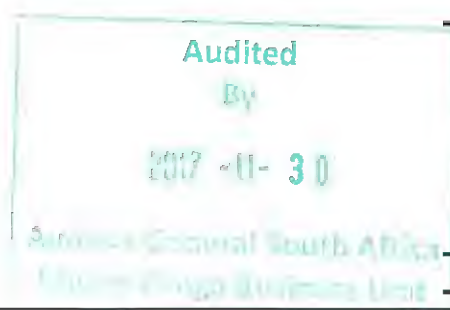
# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>10. Receivables from exchange transactions</b>		
<b>Gross balances</b>		
Electricity	46 781 847	41 233 120
Water	53 447 761	44 102 187
Sewerage	19 918 552	16 971 621
Refuse	19 201 036	15 604 949
Reimbursable employee related costs	-	2 128 291
Other	8 239 538	7 115 556
	<b>147 588 734</b>	<b>127 155 724</b>
<b>Less: Allowance for impairment</b>		
Electricity	(31 421 323)	(31 647 689)
Water	(44 504 898)	(40 201 384)
Sewerage	(17 300 353)	(15 584 617)
Refuse	(16 604 502)	(14 179 089)
Other	(8 327 143)	(6 638 663)
	<b>(118 158 219)</b>	<b>(108 251 442)</b>
<b>Net balance</b>		
Electricity	15 360 524	9 585 431
Water	8 942 863	3 900 803
Sewerage	2 618 199	1 387 004
Refuse	2 596 534	1 425 860
Business service levies	-	2 128 291
Other	(87 605)	476 893
	<b>29 430 515</b>	<b>18 904 282</b>
<b>Electricity</b>		
Current (0 -30 days)	7 604 950	3 922 833
31 - 60 days	1 998 638	1 757 548
61 - 90 days	1 554 189	1 281 366
91 - 120 days	1 827 310	1 240 721
121 - 365 days	1 905 552	1 215 713
> 365 days	31 933 413	34 684 005
	<b>46 824 052</b>	<b>44 102 186</b>
<b>Water</b>		
Current (0 -30 days)	4 038 043	8 522 711
31 - 60 days	1 840 598	2 941 464
61 - 90 days	1 321 540	1 411 699
91 - 120 days	1 543 335	1 072 276
121 - 365 days	1 642 265	981 109
> 365 days	43 500 970	26 303 861
	<b>53 886 751</b>	<b>41 233 120</b>
<b>Sewerage</b>		
Current (0 -30 days)	1 161 797	1 055 935
31 - 60 days	607 036	571 499
61 - 90 days	553 798	526 642
91 - 120 days	527 624	480 226
121 - 365 days	533 880	458 228
> 365 days	17 071 488	13 879 092
	<b>20 455 623</b>	<b>16 971 622</b>



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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>Refuse</b>		
Current (0 -30 days)	1 523 409	1 383 084
31 - 60 days	696 904	633 913
61 - 90 days	607 561	592 824
91 - 120 days	576 246	546 912
121 - 365 days	581 491	524 808
> 365 days	15 253 515	11 923 409
	<b>19 239 126</b>	<b>15 604 950</b>
<b>Sundry Debtors</b>		
Current (0 -30 days)	-	2 128 291
<b>Housing rental</b>		
Current (0 -30 days)	277 602	238 240
31 - 60 days	205 222	112 774
61 - 90 days	176 109	95 269
91 - 120 days	171 826	77 284
121 - 365 days	162 679	73 802
> 365 days	1 863 967	734 511
	<b>2 857 405</b>	<b>1 331 880</b>
<b>Other (specify)</b>		
Current (0 -30 days)	46 188	49 260
31 - 60 days	46 356	46 679
61 - 90 days	81 742	53 749
91 - 120 days	42 854	52 868
121 - 365 days	85 614	52 587
> 365 days	5 892 701	5 525 770
	<b>6 195 455</b>	<b>5 780 913</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	108 251 442	63 463 061
Contributions to allowance	10 017 355	44 788 381
	<b>118 268 797</b>	<b>108 251 442</b>

### 11. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2 686 874	4 862 875
Short-term deposits	18 463 443	373 982
	<b>21 150 317</b>	<b>5 236 857</b>

The total amount of facilities available for future operating activities and commitments - Standard Bank Fleet Management Facility

160 000 160 000





# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

2017

2016

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
Absa Lydenburg (10-1000-0218)	314 416	1 431 694	114 210	314 416	1 431 694	114 210
Absa Thaba Chweu Projects	6 222	3 575	4 676	6 222	3 575	4 676
Absa Sabie (40-5826-4705)	63 019	75 128	83 347	63 019	75 128	83 347
Standard Bank - Ringfence Electricity	14 764 943	53 454	50 330	14 764 943	53 454	50 330
Standard Bank - Primary Account (24-320-336-5)	2 287 831	3 220 024	1 205 084	2 287 831	3 215 299	1 203 584
Standard Bank - Traffic	21 609	140 754	810 121	21 609	140 754	810 121
Standard Bank Call - Post Office	61 111	57 561	54 525	61 111	57 561	54 525
Standard Bank MIG - Call	3 404 552	248 208	6 374 232	3 404 552	248 208	6 374 232
Standard Bank MWIG - Call	226 614	11 183	301 960	226 614	11 183	301 960
<b>Total</b>	<b>21 150 317</b>	<b>5 241 581</b>	<b>8 998 485</b>	<b>21 150 317</b>	<b>5 236 856</b>	<b>8 996 985</b>

### 12. Unspent conditional grants and receipts

#### Movement during the year

Balance at the beginning of the year	-	12 000 000
Additions during the year	101 086 000	-
Income recognition during the year	(93 573 742)	(12 000 000)
	<b>7 512 258</b>	<b>-</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 21 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

### 13. Provisions

#### Reconciliation of provisions - 2017

	Opening Balance	Increase due to re-measurement	Total
Environmental rehabilitation	41 632 668	1 182 330	42 814 998

#### Reconciliation of provisions - 2016

	Opening Balance	Increase due to re-measurement	Total
Environmental rehabilitation	40 482 988	1 149 680	41 632 668

The rehabilitation costs are determined by calculating the volumes of excavations, materials required and legal requirements according to the footprint of each individual site..

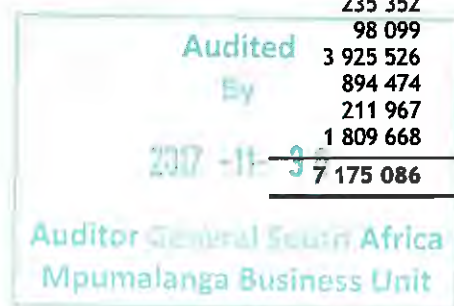
# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>14. Payables from exchange transactions</b>		
Trade payables	476 570 422	411 142 909
Payments received in advanced - Trade Receivables	15 750 978	10 206 773
Other payables	10 472 501	9 083 994
Retentions	8 532 456	6 931 713
Deferred Income	2 611 786	3 027 274
Accruals	4 981 892	2 284 202
Long service Awards	8 485 000	7 387 000
Leave Provisions	7 187 100	6 162 911
	<b>534 592 135</b>	<b>456 226 776</b>
<b>15. Consumer deposits</b>		
Electricity	4 252 044	4 365 341
<b>16. Service charges</b>		
Sale of electricity	126 450 158	122 320 479
Sale of water	34 111 191	35 766 998
Sewerage and sanitation charges	12 363 607	11 255 930
Refuse removal	14 992 071	13 724 775
	<b>187 917 027</b>	<b>183 068 182</b>
<b>17. Rental of facilities and equipment</b>		
Premises		
Premises	3 105 687	2 752 068
Venue hire	67 225	52 570
	<b>3 172 912</b>	<b>2 804 638</b>
	<b>3 172 912</b>	<b>2 804 638</b>
<b>18. Finance Income</b>		
Interest on overdue accounts	16 789 057	14 355 396
Interest from bank accounts	2 234 394	1 121 699
	<b>19 023 451</b>	<b>15 477 095</b>
<b>19. Other income</b>		
Building Plans	235 352	283 223
Bulk Services	98 099	67 684
Donations/ Unallocated deposits	3 925 526	7 128 143
Sale of stands	894 474	105 702
Reconnections	211 967	126 398
Sundry Income	1 809 668	2 465 746
	<b>7 175 086</b>	<b>10 176 896</b>



# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>20. Property rates</b>		
<b>Rates received</b>		
Residential	32 505 693	29 009 432
Commercial	12 464 616	12 726 394
State	14 579 813	15 373 012
Small holdings and farms	20 993 724	25 003 256
Institutional	500 235	1 953 511
Industrial	2 167 242	2 272 733
Undeveloped land	15 885 595	12 084 229
Less: Income forgone	(2 469 042)	(5 908 493)
	<b>96 627 876</b>	<b>92 514 074</b>

### Valuations

Residential	5 014 748 830	5 414 536 030
Commercial	1 423 489 200	1 077 101 600
State	1 570 794 540	2 724 502 510
Small holdings and farms	4 709 459 300	5 457 148 770
Institutional	217 214 400	171 929 900
Industrial Property	168 216 700	184 536 800
Undeveloped land	343 404 550	352 979 850
	<b>3 447 327 520</b>	<b>5 382 735 460</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0,01227 - (2016: R0,1227 -) is applied to property valuations to determine assessment rates. Rebates of 55% (2016: 58%) are granted to residential and farm property owners.

Rates are levied on an annual basis with the final date for payment being Friday, 30 June 2017 (Thursday, 30 June 2016). Interest at prime plus 1% per annum (2016: prime plus 1%) and no collection fee is levied on rates outstanding two months after due date.

The new general valuation will be implemented on 01 July 2018.



# Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 21. Government grants and subsidies

#### Operating grants

Equitable share	115 054 000	104 868 000
National EPWP grant	1 683 000	1 340 000
Financial Management Grant	1 810 000	1 675 000
Department Of Public Service & Administration (DPSA)	511 743	-
INEP grant	500 000	-
Municipal Systems Grants	-	930 000
	<b>119 558 743</b>	<b>108 813 000</b>

#### Capital grants

Municipal Infrastructure Grants	61 025 100	73 547 000
Municipal Water Infrastructure Grant	28 044 000	11 212 471
	<b>89 069 100</b>	<b>84 759 471</b>
	<b>208 627 843</b>	<b>193 572 471</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	101 086 000	182 360 000
Unconditional grants received	115 054 000	104 868 000
	<b>216 140 000</b>	<b>287 228 000</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

#### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	12 000 000
Current-year receipts	61 025 000	64 647 000
Conditions met - transferred to revenue	(61 025 000)	(73 547 000)
Other	-	(3 100 000)
	<b>-</b>	<b>-</b>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure.

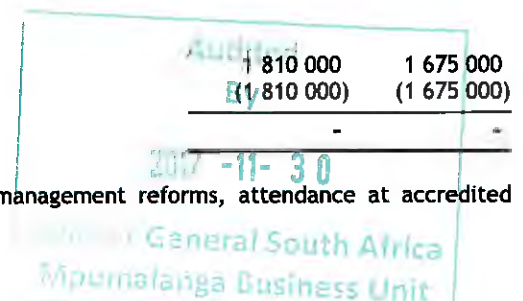
#### Financial Management Grant (FMG)

Current-year receipts	1 810 000	1 675 000
Conditions met - transferred to revenue	(1 810 000)	(1 675 000)
	<b>-</b>	<b>-</b>

This grant is used to assist in support and implementation of financial management reforms, attendance at accredited training and capacity building programmes on financial management.

#### Municipal Systems Improvement Grant (MSIG)

Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(930 000)
	<b>-</b>	<b>-</b>



# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
	-	-

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

### Water Services Infrastructure Grant (WSIG)

Current-year receipts	34 643 000	-
Conditions met - transferred to revenue	(28 044 000)	-
	<b>6 599 000</b>	-

The grant has been provided by department of Water Affairs to try to get water to areas where it was recognised that full services would not become available.

### INEP Grant

Current-year receipts	500 000	1 700
Conditions met - transferred to revenue	(500 000)	(1 700)
	-	-

This grant is used to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

### DPSA Grant

Current-year receipts	1 425 000	-
Conditions met - transferred to revenue	(511 742)	-
	<b>913 258</b>	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

### 22. Public contributions and donations

Duma Power Station	-	<b>9 374 000</b>
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# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>23. Employee related costs</b>		
Basic	93 144 997	84 871 795
Bonus	6 632 889	5 977 973
Medical aid - company contributions	23 418 588	21 227 669
UIF	780 264	706 872
SDL	1 301 005	1 121 405
Other payroll levies	41 603	37 003
Leave pay provision charge	2 479 078	1 000 233
Overtime payments	7 758 020	4 982 577
Long-service awards	1 098 000	1 606 374
Car allowance	12 476 372	10 222 509
Housing benefits and allowances	942 790	970 120
Insurance Group Life	369 234	342 072
Post Employment Medical Aid	5 436 051	-
Cellphone and Other Allowances	6 453 904	5 063 590
	<b>162 332 795</b>	<b>138 130 192</b>

### Remuneration of municipal manager

Annual Remuneration	781 389	708 180
Basic salary back pay	-	23 026
Acting allowance	349 185	114 847
Acting Allowance back Pay	107 345	236 372
Travel allowance	243 373	221 354
Travel Allowance Back Pay	-	7 675
Contributions to UIF, Medical and Pension Funds	1 877	1 933
Cellphone Allowance	21 404	-
	<b>1 504 573</b>	<b>1 313 387</b>

### Remuneration of chief finance officer

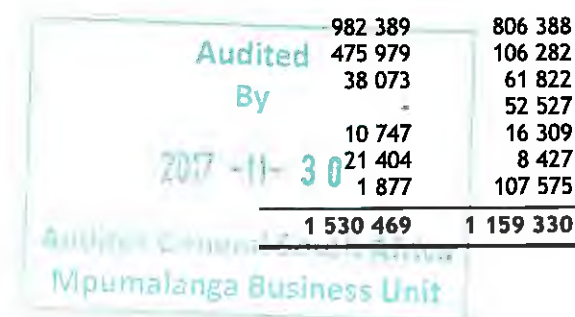
Annual Remuneration	659 414	534 745
Acting Allowance	312 385	475 647
Acting Allowance Back Pay	504 391	27 359
Travel Allowance	182 965	130 827
Travel Allowance Back pay	32 475	-
Other	11 123	-
Contributions to UIF, Medical and Pension Funds	1 877	179 079
	<b>1 704 630</b>	<b>1 347 657</b>

### Remuneration of director- Corporate Services

Annual Remuneration	982 389	806 388
Basic Salary Back Pay	475 979	106 282
Acting Allowance	38 073	61 822
Acting Allowance Back Pay	-	52 527
Travel Allowance	10 747	16 309
Cellphone Allowance	21 404	8 427
Contributions to UIF, Medical and Pension Funds	1 877	107 575
	<b>1 530 469</b>	<b>1 159 330</b>

### Remuneration of director: Technical Services

Annual Remuneration	592 013	524 384
Basic Salary back Pay	-	19 124



## Thaba Chweu Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2017	2016
Acting Allowance	207 090	259 250
Travel Allowance	199 955	173 823
Other	1 832	-
Cellphone Allowance	21 404	8 427
Contributions to UIF, Medical and Pension Funds	1 877	120 112
	<b>1 024 171</b>	<b>1 105 120</b>

#### Remuneration of director: Community Services

Annual Remuneration	681 535	665 076
Travel Allowance	227 799	221 744
Travel Allowance Back Pay	636	14 024
Performance Bonus	-	42 073
Contributions to UIF, Medical and Pension Funds	1 877	85 068
Cellphone Allowance	21 404	11 644
	<b>933 251</b>	<b>1 039 629</b>



# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>24. Remuneration of councillors</b>		
Executive Mayor	793 028	802 245
Chief Whip	593 513	612 924
Speaker	648 623	666 057
MMC: Finance and Technical Services	598 850	603 589
MMC: Corporate services and Human Settlement	600 081	605 759
MMC: Community services and Public Services	615 729	606 791
Portfolio Chairperson: MPAC	246 236	321 351
Portfolio Chairperson: land Use committee	-	331 787
Ordinary Councillors	5 363 669	4 596 268
	<b>9 459 729</b>	<b>9 146 771</b>

### In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards.

### 25. Depreciation and amortisation

Property, plant and equipment	127 330 435	97 703 841
Intangible assets	-	11 051
	<b>127 330 435</b>	<b>97 714 892</b>

### 26. Impairment of assets

<b>Impairments</b>		
Property, plant and equipment	1 565 949	393 751
Heritage assets	-	2 003
	<b>1 565 949</b>	<b>395 754</b>

### 27. Finance Costs

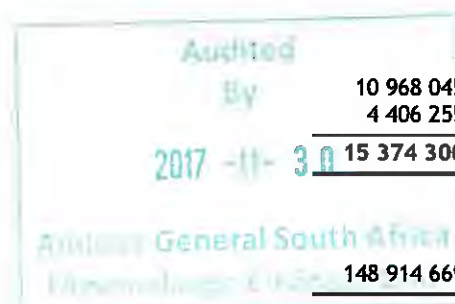
Interest on Bank Overdraft	1 015 804	886 849
Finance costs on overdue accounts	10 891 560	44 201 718
	<b>11 907 364</b>	<b>45 088 567</b>

### 28. Debt impairment

Contributions of impairment for Fines	-	2 215 645
Contributions to debt impairment provision	10 968 045	90 756 300
Bad debts written off	4 406 255	2 939 824
	<b>15 374 300</b>	<b>95 911 769</b>

### 29. Bulk purchases

Electricity	148 914 669	145 403 536
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# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>30. Contracted services</b>		
Information Technology Services	10 859 536	10 578 812
Fleet Services	-	159 200
Security Services	5 070 839	5 263 392
Specialist Services	8 416 523	8 824 200
Other Contractors	22 322 879	21 527 426
	<b>46 669 777</b>	<b>46 353 030</b>
<b>31. General expenses</b>		
Auditors remuneration	6 644 095	3 790 035
Bank charges	996 214	649 601
Cleaning	183 139	63 154
Commission paid	5 524 004	4 186 979
Community development and training	12 350	-
Computer Costs	3 482 493	1 336 491
Conferences and seminars	1 254 028	652 395
Consulting and professional fees	917 148	-
Consumables	997 957	632 531
Electricity	817 838	1 333 844
Free Basic Services	7 428 547	5 517 478
Fuel and Hire costs	5 656 408	3 386 551
Insurance	100 447	541 764
Job Creation Expenses	2 888 599	9 564 703
Legal Costs	7 793 182	7 715 989
Magazines, books and periodicals	1 924	87 119
Motor vehicle expenses	-	148 667
Movement other corrections	2 134 760	433 579
Other expenses	1 662 207	1 581 546
Provisions for landfill site	1 182 330	1 149 680
Placement fees	201 322	36 877
Postage and courier	395	539 906
Printing and stationery	3 346 657	4 003 149
Protective clothing	449 290	607 220
Public participation and ward committees	-	527 261
Refuse	35 585	1 538 741
Sewerage and waste disposal	13 772	22 220
Staff welfare	107 600	1 308 930
Stocks and materials	235 028	-
Subscriptions and membership fees	1 069 509	1 335 354
Telephone and fax	1 163 829	2 646 100
Training	2 021 273	1 289 296
Travel - local	2 527 704	1 861 547
Uniforms	-	30 493
Valuations Costs	246 691	719 427
Water	-	1 398 589
	<b>61 096 325</b>	<b>60 637 216</b>
<b>32. Distribution losses</b>		
<b>Sale of goods</b>		
Electricity (Losses in Units)	22 686 955	43 237 485
Electricity (Losses in %)	18	31
Water (Losses in units)	6 424 650	3 271 303
Water (Losses in %)	66	34
	-	-

Audited  
By  
2017-11-30  
Auditor General South Africa  
Mphahlele & Associates

# Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>33. Auditors' remuneration</b>		
Fees	6 644 095	3 790 035
<b>34. Cash generated from operations</b>		
Deficit	(181 221 805)	(162 855 098)
Adjustments for:		
Depreciation and amortisation	127 330 435	97 714 892
Gain on sale of assets and liabilities	97 849 473	22 540 530
Impairment deficit	1 565 949	395 754
Debt impairment	15 374 300	95 911 769
Movements in retirement benefit assets and liabilities	4 199 452	(1 457 089)
Movements in provisions	1 182 330	19 749 340
Other non-cash movements	(9 453 446)	41 403 355
Changes in working capital:		
Inventories	20 651 553	20 598 421
movements in Receivables	(25 900 533)	(36 833 885)
Payables from exchange transactions	78 365 358	10 122 802
VAT	(11 323 134)	(20 160 456)
Unspent conditional grants and receipts	7 512 258	(12 000 001)
Consumer deposits	(113 297)	(269 592)
	<b>100 712 501</b>	<b>74 860 742</b>





# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

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<b>35. Commitments</b>		
<b>Authorised capital expenditure</b>		
Already contracted for but not provided for		
• Property, plant and equipment	6 599 000	-
<b>Total capital commitments</b>		
Already contracted for but not provided for	6 599 000	-
<b>Authorised operational expenditure</b>		
Already contracted for but not provided for		
• Commitments from orders	3 691 517	3 850 262
• Contractual operating commitments	76 424 488	44 973 327
	<b>80 116 005</b>	<b>48 823 589</b>
<b>Total operational commitments</b>		
Already contracted for but not provided for	80 116 005	48 823 589
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	6 599 000	-
Authorised operational expenditure	80 116 005	48 823 589
	<b>86 715 005</b>	<b>48 823 589</b>

This committed expenditure relates to contracted services and orders issued and will be financed by available bank facilities, retained surpluses, existing cash resources.

### Operating leases - as lessee (expense)

<b>Minimum lease payments due</b>		
- within one year	298 120	1 788 720
- in second to fifth year inclusive	-	447 180
	<b>298 120</b>	<b>2 235 900</b>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

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### 36. Contingencies

#	Description/ Citation Parties	Citation at Court/ of Case No.	Description of the Nature of the Case	Legal Representative	Dispute Amount	Current Status
1	Blom & others/ Thaba Chweu Local Municipality	Pretoria High Court, Case No:	Applicant is claiming an amount suffered for building collapse based on submitted plans to TCLM. An exception has been argued and the matter is now ripe for trial once a date is allocated.	Matsane Attorneys	R 5 076 608,58	Pending
2	DUBERT TRADING CC/ Thaba Chweu Local Municipality	Pretoria High Court, Case No: 92064/ 2015	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity. Notice of intention to defend has been filed and an earlier court date to be anticipated with possibility of out of court settlement. Parties are discussing possible payment plan.	Matsane Attorneys	None.	Pending
3	Deon Broekman T/A/ Thaba Chweu Local Municipality	Lydenburg Magistrate Court Case No: 52875//12	The matter was set down for the 24 <sup>th</sup> November 2014 for hearing in relation to the issues raised on the special plea specifically the non-compliance of the Legal Proceedings Against State Organs Act and the attorney attended such set down. The plaintiff removed the matters from the unopposed roll so that it can be placed on the opposed roll. Attorneys are still engaging on the technical issues and it looks like the plaintiff is not ready to take the matter on trial. We are waiting for the plaintiff to give us the trial date if they are still continuing with the matter.	Matsane Attorneys	None.	Pending
4	Etienne Jordan/ Thaba Chweu Local Municipality	Magistrate Court Sabie Case No: 122/2016	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity. Notice of intention to defend has been served and parties agreed to have a round table meeting on the account disputed.	T.M Chauke Attorneys	None.	Pending

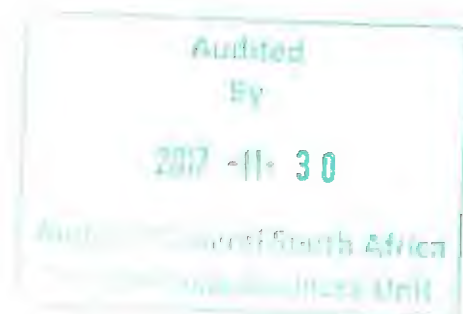
# Thaba Chweu Local Municipality

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5	TELKOM SA/ Thaba Chweu Local Municipality	Magistrate Court Mashishing Case No: 1573/2016	The municipality is issued with summons in amount of R59,566.93 by the applicant for negligent work done by the municipality employees for damaging their cables (telecommunication lines). Notice of intention has been served. Contact with Telkom legal representative has been made to discuss possible solution on all cases of Telkom since both parties co-exist (government).	T.M Chauke Attorneys	R 63 539,42	Pending
6	A.A.A Gaffar/ Thaba Chweu Local Municipality	Magistrate Court Lydenburg, Case No: 124/ 2014	The Applicant is claiming for the legal costs on the old matter that was concluded some time ago. Parties to argue costs once a trial date is allocated. Parties to argue costs once a trial date is allocated.	Macbeth Attorneys	R 100 000,00	Pending



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7	SAMWU obo Members/ Thaba Chweu Local Municipality	JHB Labour Court, Case No: JS 2106/13	SAMWU (Applicant) made an application to the labour Court seeking municipality to implement placement of its members in certain position ,following an agreement entered into between SAMWU and the then Accounting Officer Mr.B. Koma in December 2012.Parties to argue costs once a trial date is allocated. The appointments have not been effected, on 8 October 2013 SAMWU obtained an order compelling the municipality to appoint the workers into the said positions municipality failed to defend and a default judgement was granted against the municipality ,but still the Municipality could not implement the order .SAMWU the sought an order for contempt of court.Both orders (Rescission and contempt) were challenged in court, and the initial default was rescinded, the contempt is yet to sit.The court however refused to review and set aside the contracts on the basis of which the aforementioned applications by SAMWU had been brought. the court ruled that a separate application based of the Promotion of Administrative Justice Act 3 of 2000.This application is currently being prepared and is due to be launched by the due date of 26 march 2015.On the other hand, SAMWU has lodged an application for leave to appeal the order of 11 February 2015. The petition for leave to appeal has been refused with no order to costs on the 19th of August 2015. Currently busy with PAJA application on this matter.	Phungo Inc	None.	Pending
8	Johan Barend van Staden/ Thaba Chweu Local Municipality	Magistrate Court Lydenburg, Case No: 337/ 2015	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity.An official dispute has been lodged and revenue to respond onto the dispute and submit to court.	Legal services	R 41 529,80	Pending

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Figures in Rand			2017	2016		
9	Johannes Buti Nkosi/ Thaba Chweu Local Municipality	Magistrate Court Mashishing Case No: C02623/2014	Applicant is suing TCLM for a motor vehicle damaged during strike at his residence. Parties to argue special plea once a trial date is allocated.	Matsane Attorneys	R 200 000,00	Pending
10	Kantoorstraat Eiendomme CC/ Thaba Chweu Local Municipality	Mbombela High court Case No:	Applicant lodged a dispute on her consumer account on the basis of seeking a discount and settlement agreement allegedly signed. Parties are to have a round table meeting on the alleged agreement.	T.M Chauke Attorneys	R 45 585,00	Pending
11	Magalies Boom Sabie/ Thaba Chweu Local Municipality	Magistrate Court Sabie Case No: 01/2016	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity. Applicant to proof on having lodged the dispute on the account as prescribed by the credit control policy.	Matsane Attorneys	None.	Pending
12	Matabane Civils Construction/ Thaba Chweu Local Municipality	North Gauteng High Court, Case No: 38940/14	On 29 May 2014 the Plaintiff instituted an action for breach of contract against the Municipality for non-payment of outstanding invoices. We have served and filed our Notice of intention to defend and accepted to their particulars of claim. We are in process of setting the exception down. The matter is to be argued in court once there is a trial date.	Phungo Inc	R 3 543 064,00	Pending
13	Mike Mashile & others/ Thaba Chweu Local Municipality	Case No: C02273/2014	Settlement discussions were held and a settlement agreement proposal was forwarded to the Municipality and still waits for further instruction from the Acting Municipal Manager. The matter has since been postponed due to the fact that the appellants did not file their documents properly, they hid some information used at the high court from the Supreme court of appeal.	Matsane Attorneys	None.	Pending
14	Ntsumi Telecommunication/ Thaba Chweu Local Municipality	Gauteng High Court Case No: 65363/16	Applicant is claiming monies for professional service rendered. Applicant to proof the submitted invoice is justifiable for work done as it is disputed by the municipality.	Matsane Attorneys	R 774 078,78	Pending

# Thaba Chweu Local Municipality

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15	Rhenas Snyman/ Thaba Chweu Local Municipality	Magistrate Court Sable Case No: 123/2016	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity. Notice of intention to defend has been served and parties agreed to have a round table meeting on the account disputed.	T.M Chauke Attorneys	None.	Pending
16	Rifana InvestmentsBK/ Thaba Chweu Local Municipality	Lydenburg Magistrate Court Case No:	Applicant was granted an order interdicting the Municipality from terminating the electricity supply to the applicant's farm. The applicant was ordered to pay costs of the application after it was granted on basis of spoliation application. We waiting for taxed bill of costs.	Macbeth Attorneys Inc	None.	Pending
17	Tasneem Ahmed Hajee/ Thaba Chweu Local Municipality	Magistrate Court Mashishing Case No: C1105/2016	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity. Matter is waiting for trial date to be allocated.	T.M Chauke Attorneys	None.	Pending
18	Telkom SA/ Thaba Chweu Local Municipality	Pilgrim Rest, Case No: 287/13	The plaintiff is suing the municipality for damages on Telkom cables by municipal workers. A plea to the particulars of claim has been served and filed and municipality has been called upon to make a discovery. Currently there is an inspection in loco of the area where the cables were allegedly damaged.	Phungo Inc	R 59 655,80	Pending
19	TELKOM SA/ Thaba Chweu Local Municipality	Magistrate Court Lydenburg, Case No: C02370/2014	The municipality is issued with summons in amount of R 62 403.57 by the applicant for negligent work done by the municipality employees for damaging their cables (telecommunication lines). An inspection in loco is to be done and present evidence in court. Parties to apply for trial date. Further to engage the applicant on possible withdrawal of this matter and a round table discussion to be held.	Maluleke Attorneys	R 62 403,57	Pending



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Figures in Rand				2017	2016	
20	Jako de Klerk & Marietjie Malan/ Thaba Chweu Local Municipality & Surprise Maebela	North Gauteng High Court, Case No: 74389/14	The plaintiff is suing the Municipality for damages amounting to R750 000 for five horses allegedly electrocuted as a result of the Municipality's negligence in not maintaining such electrical poles on the plaintiff's farm. The notice of intention to defend and the notice of exception were filed and the Municipality has since conducted the consultation. None compliance has been served on applicant and we served and filed our plea to their particulars of claim.	Phungo Inc	R 750 000,00	Pending
21	Hendrik J Samuels/ Thaba Chweu Local Municipality	North Gauteng High Court, Case No: 52875/12	Plaintiff sued for loss of support and damages for his deceased wife that passed at Big Swing (Graskop).The matter is before court after condonation has been granted and awaiting for pre-trial date.		R 750 000,00	Pending
22	Thaba Chweu Local Municipality/ Unidentified Occupants (Mashishing)	Northern Gauteng High Court Case No:	Matsane Attorneys was appointed and latter withdraw as attorneys of record due to the fact that they were not getting assistance of information needed from the Municipality, they could not even secure a consultation meeting. The Plaintiffs wanted certain information and they could not provide hence the plaintiff's attorneys accused them of manufacturing defence for the benefit of the Municipality. The order was obtained but the sheriff costs are too high and the attorneys are working on the substituted services.	TCM Chauke Attorneys	None.	Pending

Audited  
By

2017 -11- 30

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23	Thaba Chweu Local Municipality/ Unidentified Occupants (Beverly Hills)	Northern Gauteng High Court Case No:	The court interdict was obtained and the time the order was served the occupiers had already vacated the land. We are waiting for the court date to make the order final. The minister of police was also joined on the application for costs necessitated by the police refusal to assist the Municipality during initial stages of inversion. The order was obtained but the sheriff costs are too high and the attorneys are working on the substituted services. The order remains standing.	TCM Chauke Attorneys	None.	Pending
24	TELKOM SA/ Thaba Chweu Local Municipality	Magistrate Court Lydenburg, Case No: 1467/ 2015	The municipality is issued with summons in amount of R8, 549.84 by the applicant for negligent work done by the municipality employees for damaging their cables (telecommunication lines).An inspection in loco is to be done and present evidence in court.	Maluleke Attorneys	R 8 549,84	Pending
25	TELKOM SA/ Thaba Chweu Local Municipality	Magistrate Court Lydenburg, Case No: 1468/ 2015t	The municipality is issued with summons in amount of R11, 344.32 by the applicant for negligent work done by the municipality employees for damaging their cables (telecommunication lines).An inspection in loco is to be done and present evidence in court, parties to have a trial date after consultation. Further to engage the applicant on possible withdrawal of this matter and a round table discussion to be held.	Maluleke Attorneys	R 11 344,32	Pending
26	TELKOM SA/ Thaba Chweu Local Municipality	Magistrate Court Lydenburg, Case No: 1469/ 2015	The municipality is issued with summons in amount of R14, 134.25 by the applicant for negligent work done by the municipality employees for damaging their cables (telecommunication lines).An inspection in loco is to be done and present evidence in court. Parties to apply for trial date. Further to engage the applicant on possible withdrawal of this matter and a round table discussion to be held.	Maluleke Attorneys	R 14 134,25	Pending

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27	TELKOM SA/ Thaba Chweu Local Municipality	Magistrate Court Lydenburg, Case No: 1470/ 2015	The municipality is issued with summons in amount of R36, 303.80 by the applicant for negligent work done by the municipality employees for damaging their cables (telecommunication lines).An inspection in loco is to be done and present evidence in court. Parties to apply for trial date. Further to engage the applicant on possible withdrawal of this matter and a round table discussion to be held.	Maluleke Attorneys	R 36 303,80	Pending
28	Thaba Chweu Local Municipality/ Unlawful Land Invaders	Magistrate Court Lydenburg, Case No: ---/ 2016	The Municipality appointed Maluleka Attorneys to help with the interdict to stop people who were invading the Municipal Land.The interdict was granted in favour of the Municipality and sheriff removed all poles and unfinished structures on site.	Maluleka Attorneys	None.	Pending
29	Cornelis Johannes Van Wyk/ Thaba Chweu Local Municipality	Magistrate Court Lydenburg, Case No: 1049/ 2016	The applicant is claiming damages allegedly caused by the electricity surge during a storm on or about the 25th November 2015.Notice of intention to defend has been served and parties agreed to have a round table meeting on the account disputed.	T.M Chauke Attorneys	R 8533 .00	Pending
30	MD Marish/ Thaba Chweu Local Municipality	Magistrate Court, Case No: 46/2016	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity.Applicant to submit proof of the account which he disputes with the revenue department.	Legal services	None.	Pending
31	Esfahan Investments cc/ Thaba Chweu Local Municipality	Magistrate Court, Case No: 0744/2016	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity.Parties are to submit oral arguments before the magistrate on the account disputed.	Macbeth Attorneys	None.	Pending
32	Gravet DM/ Thaba Chweu Local Municipality	Magistrate Court sabie, Case No: 130/16	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity.Notice of intention to defend has been served and parties agreed to have a round table meeting on the account disputed.	T.M Chauke Attorneys	None.	Pending

# Thaba Chweu Local Municipality

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33	E Jordan/ Thaba Chweu Local Municipality	Magistrate Court Sabie Case No:	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity. Notice of intention to defend has been served and parties agreed to have a round table meeting on the account disputed.	T.M Chauke Attorneys	None.	Pending
34	Body corporate of eagle creek/ Thaba Chweu Local Municipality	Mpumalanga Division High court Case No:	Applicant obtained an urgent court order to interdict TCLM on disconnecting electricity. Notice of intention to defend has been filed and a round table meeting has since been proposed.	T.M Chauke Attorney	None.	Pending
35	Department of labour/ Thaba Chweu Local Municipality	Northern Gauteng High Case No:	Department of labour has fined the Municipality in terms of section 21(4B) in accordance with schedule 1 of Employment Equity Act 55 of 1998 for failing to submit an equity plan on time. Parties have since had a round table meeting through the legal representatives since the matter is before court. A possible settlement is negotiated and to be made an order of court if agreed.	T.M Chauke Attorneys	None.	Pending
36	Exodus Kgolofelo Mabanna/MEC for Cogta/MEC for Finance/ Thaba Chweu Local Municipality	Northern Gauteng High Court Case No: 29642/17	The applicant obtained an interdict to reverse the appointment of the Chief Whip on permanent basis within the institution. The municipality has since engaged the department of Cogta legal division to jointly address the matter.	T.M Chauke Attorneys	None.	Pending
37	Exodus Kgolofelo Mabanna/MEC for Cogta/MEC for Finance/ Thaba Chweu Local Municipality	Northern Gauteng High Court Case No: 29641/17	The applicant obtained an interdict to reverse confirmation of employees within the institution. The municipality has since engaged the department of Cogta legal division to jointly address the matter.	T.M Chauke Attorneys	None.	Pending
38	AGSA/ Thaba Chweu Local Municipality	Northern Gauteng High Court Case No: 596/2016	In terms of section 188 of the constitution the applicant must audit the financials of the municipality. Same has been done on behalf of the municipality and now the applicant is suing the municipality for work done. A payment plan has been send to the applicant and same to be made an order of court once parties agree to.	Matsane Attorneys	None.	Pending

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39	The Thaba Chweu Rural Forum/ Thaba Chweu Local Municipality	Mpumalanga High court Case No: 1105/2017	The applicant made an application in court on behalf of farmers within Thaba chweu to be excluded from the normal rates levied by the municipality. All documents served on the municipality is forwarded to the attorneys representing the institution on the matter.	Len Dekker Incorporated	None.	Pending



# Thaba Chweu Local Municipality

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## Notes to the Annual Financial Statements

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### 37. Related parties

#### Relationships

##### Controlled entities

##### Members of key management

THALEDA  
TMP kgoake  
LM Mokwena  
ME Malungana  
MGT Mnisi  
SS Matsi  
SD Maebela

THALEDA is an entity of Thaba Chweu Local Municipality. The Agency was established following an agreement between the Industrial Development Corporation (IDC) and Thaba Chweu Local Municipality to advance and leverage the development and job creation potential inherent within Thaba Chweu Municipality area. Its purpose is to build up the economic capacity of the Thaba Chweu Municipality local area to improve its economic future and the quality of life for all. It facilitates a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation

#### Related party balances

##### Loan accounts - Owing (to) by related parties

THALEDA	(767 219)	(1 879 519)
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##### Amounts included in Trade receivable (Trade Payable) regarding related parties

Councillor SM Phetla	16 344	20 031
Councillor TE. Mabuza	1 731	1 557
Councillor C.J. Sibiya	10 043	16 359
Councillor E Mabanna	1 121	671
Councillor DR. Nkabinde	22 981	9 006
Councillor MT. Mashego	708	647
Councillor KA. Letsame	852	182
Councillor KJ. Malepe	400	1 096
Councillor SE. Van Douwe	454	698
Councillor JH. Ligthelm	880	699
Councillor JJ. Mkhize	313	12 909
Councillor RG. Herbst	360	9 970
Councillor SG. Shongwe	-	10 857
THALEDA (Pty) Ltd	53 875	31 175

#### Related party transactions

##### Service charges

THALEDA (Pty) Ltd	22 699	27 317
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The remuneration of management is disclosed in Note 23 of the Annual Financial Statement.

The remuneration of councillors is disclosed in note 24 of the annual financial statements.

There were no transactions between THALEDA and Thaba Chweu during the year.



# Thaba Chweu Local Municipality

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### 38. Prior period errors

<b>Infrastructure Assets</b>		
Balance previously reported		1 529 235 080,00
Deemed cost change in rates		247 262 387,82
Assets missed in prior year		5 236 194,96
Transfer completed projects from WIP		5 134 627,77
Reclassification from investment property		1 529 000,00
Derecognise upgraded asset	-	342 997,89
Derecognise assets not belong to municipality	-	932 194,62
Balance restated		1 787 122 098,24

<b>Community Assets</b>		
Balance previously reported		365 862 066,00
Deemed cost change in rates		14 178 130,40
Reclassification		18 619 308,11
Incorrect PY journals reversal		117 566 622,79
Balance restated	Audited by	281 092 881,74

<b>Buildings</b>		
Balance previously reported		183 142 789,00
Deemed cost change in rates	-	53 230 461,00
Balance restated		129 912 328,09

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<b>Land</b>		
<b>Balance previously reported</b>		<b>9 159 042,00</b>
Assets missed in prior year		4 448 928,37
Reclassification from investment property		568 932,58
<b>Balance restated</b>		<b>14 176 902,95</b>
<b>Movable Assets</b>		
<b>Balance previously reported</b>		<b>11 199 256,00</b>
Assets missed in prior year		222 375,71
Incorrect PY journals reversal	-	800,00
<b>Balance restated</b>		<b>11 420 828,76</b>

<b>Work In ProgressBalance</b>		
<b>previously reported</b>		<b>20 578 625,00</b>
Transfer completed projects from WIP	-	6 315 246,47
<b>Balance restated</b>		<b>14 263 378,81</b>

<b>Investment Property</b>		
<b>Balance previously reported</b>		<b>305 153 226,00</b>
Reclassification land inventory	-	117 049 000,00
Reclassification to infrastructure	-	1 529 000,00
Reclassification to land	-	568 932,58
Reclassification to community assets	-	800 572,82
Derecognise assets not belong to municipality	2017-11-30	2 510 040,87
Incorrect PY journals reversal	30 903 398,00	
<b>Balance restated</b>		<b>213 599 076,94</b>

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<b>Land Inventory</b>		
Balance previously reported		39 650 222,00
Reclassification investment property		117 049 000,00
Derecognise assets not belong to municipality	-	748 000,00
Incorrect PY journals reversal		37 483 512
Balance restated		193 434 734,00

<b>VAT Receivable</b>		
Balance previously reported		8 937 869,00
Invoices omitted in the prior year		19 930 277,00
Balance restated		28 868 146,00

<b>Retentions</b>		
Balance previously reported		8 167 029,00
Amount incorrectly processed under WIP	-	1 235 316,00
Balance restated		6 931 713,00

<b>Provision for landfill site</b>		
Balance previously reported		4 009 701,00
Restatement of prior year provision for rehabilitation of landfill.		37 622 967,00
Balance restated		41 632 668,00

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<b>Employee related cost</b>		
<b>Balance previously reported</b>		<b>140 258 324,00</b>
Reimbursed salaries for licensing employee moved to receivables	-	2 066 181,00
<b>Balance restated</b>		<b>138 192 143,00</b>

<b>Repairs and maintenance</b>		
<b>Balance previously reported</b>		<b>31 620 825,00</b>
Transfer of Capital Expenditure to Assets Capitalised.	-	150 000,00
<b>Balance restated</b>		<b>31 470 825,00</b>

<b>General Expenditure</b>		
<b>Balance previously reported</b>	<b>Audited</b>	<b>59 048 473,00</b>
Current year provision for rehabilitation of landfill.	<b>by</b>	1 588 743,00
<b>Balance restated</b>	<b>2017 -11- 30</b>	<b>60 637 216,00</b>

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### 39. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Budgeted Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. Surplus cash are held as short term deposits to assist in settling future commitments.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

# Thaba Chweu Local Municipality

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### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

### Market risk

### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

### 40. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 41. Events after the reporting date

The accounting officer is not aware of any matter or event arising since the end of the reporting period, and the date of this report, which will significantly affect the financial position and results of the municipality's operations.



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### 42. Unauthorised expenditure

Opening balance	66 152 170	43 403 811
Add: Unauthorised expenditure	58 654 108	22 748 359
	<u>124 806 278</u>	<u>66 152 170</u>

### 43. Fruitless and wasteful expenditure

Opening balance	92 534 350	48 327 655
Add fruitless & wasteful Expenditure	10 993 875	44 206 695
	<u>103 528 225</u>	<u>92 534 350</u>

### 44. Irregular expenditure

Opening balance	199 935 438	171 178 575
Add: Irregular Expenditure - current year	60 005 781	28 756 863
	<u>259 941 219</u>	<u>199 935 438</u>

### Analysis of expenditure awaiting condonation per age classification

Current year	60 005 781	28 756 863
Prior years	199 935 438	171 178 575
	<u>259 941 219</u>	<u>199 935 438</u>

### Details of irregular expenditure - current year

### 45. Additional disclosure in terms of Municipal Finance Management Act

#### Audit fees

Opening balance	9 538 078	10 177 535
Current year subscription / fee	6 644 095	3 790 035
Amount paid - current year	(7 198 370)	(4 429 492)
	<u>8 983 803</u>	<u>9 538 078</u>

#### PAYE and UIF

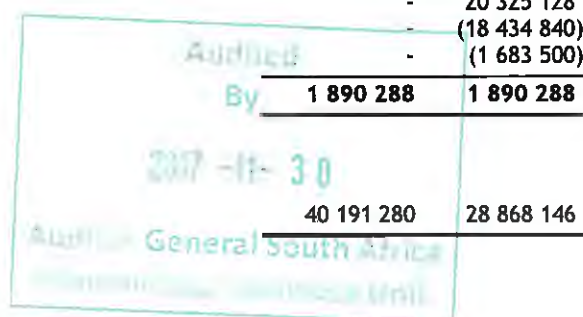
Opening balance	1 890 288	1 683 500
Current year subscription / fee	-	20 325 128
Amount paid - current year	-	(18 434 840)
Amount paid - previous years	-	(1 683 500)

#### VAT

VAT receivable	40 191 280	28 868 146
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VAT output payables and VAT input receivables are shown in note 9.

All VAT returns have been submitted by the due date throughout the year.





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### 46. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

Supplier:	Amount
UNION MOTORS Mayoral vehicle broke down and needed urgent repairs. Union motors are the sole dealership qualified in terms of conducting repairs to Mercedes Bens. This is therefore a sole supplier. The deviation is justified.	R 11 206.00
LOWVELD MEDIA It is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	- R - R 4 420.30
MASHISHING COMMUNICATIONS It is impractical to obtain 3 comperative quotes as mash fm is only availbe radio station which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	- R - R 43 450.00
WESTVAAL MOTOR HOLDINGS Unsolicited Bid: is the only accredited service provider for Isuzu Vehicles. This is a justified deviation.	- R - R 25 660.13
LOWVELD MEDIA It is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	- R - R 16 312.94
UNION MOTORS Mayoral vehicle broke down and needed urgent repairs. Union motors are the sole dealership qualified in terms of conducting repairs to Mercedes Bens. This is therefore a sole supplier. The deviation is justified.	- R - R 4 989.00
WESTVAAL MOTOR HOLDINGS Unsolicited Bid: is the only accredited service provider for Isuzu Vehicles. This is a justified deviation.	- R - R 18 713.00
WESTVAAL MASHISHING Unsolicited Bid: is the only accredited service provider for Isuzu Vehicles. This is a justified deviation.	- R - R 13 772.96
LOWVELD MEDIA It is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	- R - R 976.30
THABA CHWEU NEWS It is impractical to obtain 3 comperative quotes as Thaba Chweu News are are only availbe newspaper which cater for the Sabie community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	- R - R 13 960.00
	- R -

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LOWVELD MEDIAIt is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	15 260.50	
	- R		-
HYUNDAI LYDENBURGHyndai is the sole supplier of this type of vehicle which has this specific specifications. The veicle os critical for the roads department to perform their duties. This is a justified deviation	R	504 800.00	
	- R		-
LOWVELD MEDIAIt is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	6 577.80	
	- R		-
LOWVELD MEDIAIt is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	2 368.01	
	- R		-
MASHISHING COMMUNICATIONSIt is impractical to obtain 3 comperative quotes as Mashishing communication are are only availbe radio Station which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	12 000.00	
	- R		-
LEFPALowveld escarpment fire protection association is the only service provide that provide this support to entities/institutions	R	48 210.29	
	- R		-
CQS TECHNOLOGY HOLDINGSCQS is the only service provider who provides training on case ware for the preparation of financial statements	R	13 269.60	
	- R		-
CQS TECHNOLOGY HOLDINGSCQS is the sole custodian of Caseware and provide licenses for their software	R	58 007.76	
	- R		-
CQS TECHNOLOGY HOLDINGSCaseware Working Papers Extra licenses	R	14 717.40	
	- R		-
UNION MOTORS LOWVELDMayoral vehicle broke down and needed urgent repairs. Union motors are the sole dealership qualified in terms of conducting repairs to Mercedes Bens. This is therefore a sole supplier. The deviation is justified.	R	19 246.10	
	- R		-
WESTVAAL MASHISHINGUnsolicited Bid: is the only accredited service provider for Isuzu Vehicles. This is a justified deviation.	R	55 860.49	
	- R		-
LOWVELD MEDIAIt is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	3 904.45	
	- R		-
TIMES MEDIA (SOWETAN)It is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	13 338.00	
	- R		-

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SEBATA MUNICIPAL SOLUTIONS	Sebata is the only service provider who provides training on FMS as they are the custodian of the sebata licenses and software	R	7 968.60	
		- R	-	
LOWVELD MEDIA	It is impractical to obtain 3 comparative quotes as lowveld media are only available newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	4 183.34	
		- R	-	
MASHISHING COMMUNICATIONS	It is impractical to obtain 3 comparative quotes as Mashishing communication are only available radio Station which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	13 000.00	
		- R	-	
GOVERNMENT PRINTING WORKS	It is impractical to obtain 3 comparative quotes as Government Gazette is the only available Local Government Gazette in which municipalities advertise. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	41 034.30	
		- R	-	
LOWVELD MEDIA	It is impractical to obtain 3 comparative quotes as lowveld media are only available newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	6 275.02	
		- R	-	
TIMES MEDIA (SOWETAN)	It is impractical to obtain 3 comparative quotes as lowveld media are only available newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	16 498.08	
		- R	-	
TIMES MEDIA (SOWETAN)	It is impractical to obtain 3 comparative quotes as lowveld media are only available newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	37 551.60	
		- R	-	
MASHISHING COMMUNICATIONS	It is impractical to obtain 3 comparative quotes as Mashishing communication are only available radio Station which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	126 700.00	
		- R	-	
LOWVELD MEDIA	It is impractical to obtain 3 comparative quotes as lowveld media are only available newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	3 486.12	
		- R	-	
TIMES MEDIA (SOWETAN)	It is impractical to obtain 3 comparative quotes as lowveld media are only available newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	10 311.30	
		- R	-	
TIMES MEDIA (SOWETAN)	It is impractical to obtain comparative quotes as this is the preferred media house used by majority of TCLM community members and section 38(1)(a)(iv) of the TCLM SCM policy allows This deviation is fully justified.	R	30 944.00	
		- R	-	

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TIMES MEDIA (SOWETAN)It is impractical to obtain comperative quotes as this is the preferred media house used by majority of TCLM community members and section 38(1)(a)(iv) of the TCLM SCM policy allows This deviation is fully justified.	R	22 914.00	
	- R	-	
LOWVELD MEDIAIt is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	7 843.77	
	- R	-	
LOWVELD MEDIAIt is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	2 091.67	
	- R	-	
LOWVELD MEDIAIt is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	6 100.71	
	- R	-	
TIMES MEDIA (SOWETAN)It is impractical to obtain comperative quotes as this is the preferred media house used by majority of TCLM community members and section 38(1)(a)(iv) of the TCLM SCM policy allows This deviation is fully justified.	R	8 139.60	
	- R	-	
LOWVELD MEDIAIt is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	8 366.69	
	- R	-	
LOWVELD MEDIAIt is impractical to obtain 3 comperative quotes as lowveld media are are only availbe newspaper which cater for the local community of TCLM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	8 366.69	
	- R	-	
CIGFAROIt is impractical to obtain comperative quotes as Cigfaro is the only body which the TCLM finance employees are registered with. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	25 765.00	
	- R	-	
CIGFAROIt is impractical to obtain comperative quotes as Cigfaro is the only body which the TCLM finance employees are registered with. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	18 655.01	
	- R	-	
TIMES MEDIA (SOWETAN)It is impractical to obtain comperative quotes as this is the preferred media house used by majority of TCLM community members and section 38(1)(a)(iv) of the TCLM SCM policy allows This deviation is fully justified.		42 978.00	
		-	
TIMES MEDIA (SOWETAN)It is impractical to obtain comperative quotes as this is the preferred media house used by majority of TCLM community members and section 38(1)(a)(iv) of the TCLM SCM policy allows This deviation is fully justified.		44 682.30	
		-	

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AMAHAYENAThe Executive Mayor's Vehicle broke down unexpectedly and was urgently booked in for repairs. The vehicle still booked for repairs. The Executive Mayor needed a vehicle in the meantime therefore we urgently needed to rent a vehicle for official purposes. An arrangement was cloduded with the service provider, therefore this is a justified deviation.	R	16 500.00	
	- R		-
AMAHAYENAThe Executive Mayor's Vehicle broke down unexpectedly and was urgently booked in for repairs. The vehicle still booked for repairs. The Executive Mayor needed a vehicle in the meantime therefore we urgently needed to rent a vehicle for official purposes. An arrangement was cloduded with the service provider, therefore this is a justified deviation.	R	7 681.96	
	- R		-
PHUNGO INCORPORATEDThere was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	1 973 044.00	
	- R		-
MATSANE ATTORNEYS INC.There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	468 550.35	
	- R		-
EB'S ELEKTRIESE KONTRAKTEURSThere was cable theft at the Mashishing WWTP and Riverside Sewer substation. a breakdown at the Graskop sewer substation. The Community was left with no services The cable theft was an unforeseen event and could not be predicted. This is therefore a justified deviation.	R	114 019.38	
	- R		-
MAHLO KE DIALA SERVICES CCWater supply at skekboom was interupted and the community was left with no water. The breakdown was unforeseen and could not be predicted.	R	10 260.00	
	- R		-
TIM TRADINGA valve for one of the fitters broke, stopping the functioning of the fitters and hence water supply. Water was limited due to the valve. The breakdown was could not be avoided or unticipated. The deviation is therefore justified	R	18 810.00	
	- R		-
MAHLO KE DIALA SERVICES CCWater supply at Badfontien was interupted and the community was left with no water. The breakdown was unforeseen and could not be predicted.	R	8 208.00	
	- R		-
MAHLO KE DIALA SERVICES CCWater supply at Shaga was interupted and the community was left with no water. The breakdown was unforeseen and could not be predicted.	R	6 156.00	
	- R		-
EB'S ELEKTRIESE KONTRAKTEURSThere was cable theft at the Mashishing WWTP and Riverside Sewer substation. This was an additional works done to the primary work the supplier did after the cable theft incident. The full extent of the damage at the sites could not be conclusively identified and costed. It was indicated in the initial quote that any additional work that could arise was exlcuded. This is therefore a justified deviation.	R	36 272.00	
	- R		-



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MMOLA ATTORNEYSThere was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	418 027.41	
	- R		-
NOKWAZI ELECTRICAL & SIGIYE SIYABONGA JVIIllegal connections are rife in the Municipality and the service provider has a proven tract record of disconnecting illegal connection in highly volatile areas within the municipality. Illegal connection could not be anticipated. This ia a justified deviation.	R	79 500.00	
	- R		-
MIYA TECHNOLOGIES AND PROJECTSThe was a water wastage as a result of a faulty Level Control. To alleviate the wastage by means of overflowing of reserviors and high overtime rate of personnel to operate manually	R	272 382.58	
	- R		-
AMAHAYENA HOLDINGS (PTY) LTDThe Executive Mayor's Vehicle broke down unexpectedly and was urgently booked in for repairs. The vehicle still booked for repairs. The Executive Mayor needed a vehicle in the meantime therefore we urgently needed to rent a vehicle for official purposes. An arrangement was therefore this is a justified deviation.	R	47 700.00	
	- R		-
IAN DICKIEThe Materials were required urgently to prevent sewer spillage and the WWTW	R	47 027.00	
	- R		-
TIM TRADINGWater network breakdown could not have been anticipated which resulted in limited water supply in mashishing. Urgent spares which are not stores material had to be procured urgently. This is a justified deviation	R	6 029.98	
	- R		-
NOMASWAZI SHABANGU ATTORNEYSThere was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	4 560.01	
	- R		-
TM CHAUKE INC. (ATTORNEYS & CONVEYANCERS)There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	292 771.81	
	- R		-
FM MALULEKA INC.There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	202 758.78	
	- R		-
FM MALULEKA INC.There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	150 229.50	
	- R		-
PIETER NEL ATTORNEYSThe was a warrant of execution against the Municipal movable property. An order was granted with an apportionment to be paid within a specified time. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	880 731.52	

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MAHLO KE DIALA SERVICES CCA pipe line supplying water burst in mashishing and there was not water supply to the area. Water is a basic need and the breakdown could not have been anticipated.	R	71 820.00
AMAHAYENA HOLDINGS (PTY) LTDThe Executive Mayor's Vehicle broke down unexpectedly and was urgently booked in for repairs. The vehicle still booked for repairs. The Executive Mayor needed a vehicle in the meantime therefore we urgently needed to rent a vehicle for official purposes. An arrangement was therefore this is a justified deviation.	R	22 325.16
MATSANE ATTORNEYS INC. There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	265 184.52
NOKWAZI ELECTRICAL & SIGIYE SIYABONGA JVIllegal connections are rife in the Municipality and the service provider has a proven track record of disconnecting illegal connection in highly volatile areas within the municipality. Illegal connection could not be anticipated. This is a justified deviation.	R	167 800.00
EB'S ELEKTRIESE KONTRAKTEURSA blow up of the motor at the Water Pump station led to the disruption of water supply to residents. Water is a basic right and must be supplied without interruptions. The breakdown of the motor could not have been anticipated as this is a conserved unit. This is a justified deviation	R	58 539.00
PHUNGO INCORPORATEDThere was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	18 774.00
FASETHU TRADING & PROJECTSElectricity was interrupted due to cable theft. Cable theft cannot be detected. Therefore this is a justified deviation	R	157 300.00
THUBELIHLE TRADING ENTERPRISE (PTY) LTDA blow up of the motor at the Water Pump station led to the disruption of water supply to residents. Water is a basic right and must be supplied without interruptions. The breakdown of the motor could not have been anticipated as this is a conserved unit. This is a justified deviation	R	348 560.00
NOKZI TRADING ENTERPRISES CCA blow up of the motor at the Water Pump station led to the disruption of water supply to residents. Water is a basic right and must be supplied without interruptions. The breakdown of the motor could not have been anticipated as this is a conserved unit. This is a justified deviation	R	322 533.36
TIMES MEDIA (SOWETAN)It is impractical to obtain 3 comparative quotes as lowveld media are only available newspaper which cater for the local community of TCM. This is therefore viewed as a sole supplier and this deviation is fully justified.	R	33 345.00
MATSANE ATTORNEYS INC. There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	R	273 655.02

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<b>EASTSIDE PROPERTY DEVELOPMENTS</b> Break down happened at sabie which affected the services delivery and it was on weekend.	- R	
	R	69 900.00
<b>LOT MACHETE SHERIFF FOR GRASKOP</b> There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	- R	
	R	4 591.50
<b>KGWEBISANO SUPPLIES &amp; SERVICES CC</b> There was intrusion of Electricity with the underground lines, The municipality currently does not have the equipment to detect underground cable faults. A service provider was sourced to detect and correct the fault	- R	
	R	58 596.00
<b>CAMJET (PTY) LTD</b> There was a sewer spillage due to a blocked drain. The unblocking of the drain required a high pressure system to unblock it. Campject are the only high pressure unblocking service providers in the area.	- R	
	R	34 336.80
<b>M&amp;V'S ELECTRICAL CONSTRUCTION</b> There was intrusion of Electricity with the underground lines, The municipality currently does not have the equipment to detect underground cable faults. A service provider was sourced to detect and correct the fault	- R	
	R	142 158.00
<b>SMAM MOTHOA (PTY) LTD</b> There was an exposed Transformer due to vandalisim, the deparment of energy wanted to switch it off if not fenced immediately	- R	
	R	69 867.52
<b>CHARBO 819 TRADING CC</b> There was a illegal March by Municipal Officials who posed a threat to the municipal assets, the current Security company did not have capacity to handle the situation. A external service provider was sourced to assist in securing the municipal building	- R	
	R	188 000.00
<b>FM MALULEKA INC.</b> There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	- R	
	R	61 291.92
<b>FM MALULEKA INC.</b> There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	- R	
	R	38 109.75
<b>FM MALULEKA INC.</b> There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	- R	
	R	101 028.01
<b>TM CHAUKE INC. (ATTORNEYS &amp; CONVEYANCERS)</b> There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation.	- R	
	R	1 507 813.95
<b>QUICK STEP 157: T/A PG GLASS LYDENBURG</b> The Municipal TLB window and mirror were damaged by a tree while in service	- R	
	R	2 416.80

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**THUBELIHLE TRADING ENTERPRISE (PTY) LTD** There was an interruption of water services in mashishing due to a pump failure. As matter of urgency the service provider was requested to repair the pump. R 48 564.00

**POTGIETER D ATTORNEY** There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation. R 20 432.00

**PIETER NEL ATTORNEY** There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation. R 78 359.00

**LOT MACHETE SHERIFF FOR GRASKOP** There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation. R 6 608.58

**MATSANE ATTORNEYS INC.** There was an urgent application for High court matter on a case. The urgency of the matter was to avoid getting a default judgement against the municipality. This is a justified deviation. R 154 011.28

